

ENVIRONMENT

SPECIAL REPORT



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House DPC

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TO PAY FOR THE HUGE TAX CUT,
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“What emerges is that the Administration is using ... the lack of specificity regarding ... what specific cuts it ultimately will propose in an array of domestic discretionary programs to camouflage the trade-offs and tough choices its tax cut entails.”

Center on Budget and Policy Priorities, 3/1/01

Back in 1981, the Reagan Administration used a “magic asterisk” in its budget to hide the spending cuts that would be required under their tax cut plan. Back then, the “magic asterisk” read **“savings to be proposed later.”** Now, in 2001, the “magic asterisk” is back. Once again, it is being used by a Republican Administration to hide the spending cuts that will be required by their tax cut plan. This year, it appears on page 188 of the Bush Administration’s budget “blueprint,” reading **“the final distribution of offsets has yet to be determined.”**

A perfect example of how the Bush Administration has failed to specify its recommended spending cuts – while it is quickly trying to push its \$2 trillion-plus tax cut plan through the House and Senate – is the area of natural resources and environmental programs.

According to the Bush Administration’s sketchy budget “blueprint,” published on February 28, discretionary appropriations for the Interior Department will be slashed in FY 2002 by \$400 million below the FY 2001 enacted level. And yet we are all left to wonder what these spending cuts below FY 2001 in the Interior Department will be. Similarly, according to the Bush Administration’s “blueprint,” discretionary appropriations for the Environmental Protection Agency (EPA) will be slashed in FY 2002 by \$500 million below the FY 2001 enacted level. And yet, once again, we are all left to wonder what these spending cuts below FY 2001 in EPA will be.

Indeed, the Bush Administration has recently announced that the details of the FY 2002 Bush budget will now not be unveiled until **April 9** – conveniently after the Congress has left for a two-week spring recess!! Hence, it will apparently not be until then that the Congress will be able to learn what spending cuts in natural resources and environmental programs the Bush Administration is actually recommending.

Following is a brief overview of the overall cuts in natural resources and environmental programs being called for in Bush budget, both for FY 2002 and for the next ten years.

For FY 2002, The Bush Budget Cuts Interior Department by \$400 Million Below FY 2001 Enacted Level

For FY 2002, the Bush budget provides \$9.8 billion in discretionary appropriations for the Interior Department – which is \$400 million (or 3.9%) below the FY 2001 enacted level. This funding level is \$737 million (or 7.0%) below the level needed, according to the Congressional Budget Office, to maintain purchasing power at the FY 2001 level. However, the President is also proposing two initiatives within the Interior Department (increases for the Land and Water Conservation Fund and National Park Service maintenance), for a total cost of nearly \$460 million in FY 2002.

The additional cost of these Bush initiatives means that the President's budget contains unspecified cuts in the Interior Department totaling \$1.2 billion – or 11.4% – below the level needed to maintain purchasing power at the FY 2001 level.

Spending cuts of this magnitude at the Interior Department are of particular concern because it is the Interior Department – and its components such as the Fish and Wildlife Service, the Bureau of Land Management, and the National Park Service – that are the lead agencies in managing the country's natural treasures – from national parks to wild and scenic rivers to protected coastlines.

As was noted above, it apparently will not be known until April 9th what the specific spending cuts in Interior Department programs the Bush Administration is actually proposing.

For FY 2002, The Bush Budget Cuts Environmental Protection Agency by \$500 Million Below FY 2001 Enacted Level

For FY 2002, the Bush budget provides \$7.3 billion in discretionary appropriations for the Environmental Protection Agency – which is \$500 million (or 6.4%) below the FY 2001 enacted level. This funding level is \$800 million – or 9.4% – below the level needed, according to the Congressional Budget Office, to maintain purchasing power at the FY 2001 level.

Once again, the Bush budget's \$800 million in spending cuts in EPA programs below the level needed to maintain current services remain unspecified. The Bush blueprint simply asserts that the Bush Administration will keep the EPA's operating programs at the FY 2001 level and will make ends meet by cutting the agency's "capital and other spending."

Spending cuts of this depth at EPA are of particular concern when one recognizes that it is the EPA that is charged with enforcing the nation's landmark environmental laws – such as the Clean Air Act, the Clean Water Act, and the Safe Drinking Water Act.

Once again, it apparently will not be known until April 9th what the specific cuts in EPA programs the Bush Administration is actually proposing.

Similarly, The Bush Budget Severely Cuts Natural Resources and Environmental Programs Overall Over the Next Ten Years

Given the fact that the Bush budget cuts the Interior Department and EPA in FY 2002, it is not surprising to learn that the Bush budget cuts natural resources and environmental programs overall in FY 2002 (in addition to the Interior Department and EPA, the budget category of “natural resources and environmental programs” includes the Army Corps of Engineers, programs within NOAA, and conservation programs within the Agriculture Department.)

For FY 2002, the Bush budget proposes \$26.4 billion in appropriated funding for natural resources and environmental programs overall – a significant cut of **\$2.3 billion** (or 8.0%) below the FY 2001 enacted level of \$28.7 billion. This level of appropriations is \$3.3 billion (11.1%) below the level needed, according to CBO, to maintain current purchasing power.

Appropriations for Natural Resources and Environmental Programs

(CBO estimates; billions of dollars)

	2002	2002-2006	2002-2011
Maintain purchasing power at FY 2001 level	\$29.7	\$156.9	\$335.9
Maintain purchasing power at FY 2001 level, excluding 2001 emergency funding from baseline	\$27.9	\$147.2	\$315.1
Bush budget	\$26.4	\$134.9	\$283.1

Not only does the Bush budget provide a significant cut in natural resources and environmental programs in FY 2002, **it also calls for significant cuts in these programs over the next ten years**. Indeed, under the Bush budget, the level of appropriations for natural resources and environmental programs remains below the FY 2001 enacted level of \$28.7 billion for the next six years. As the table above shows, over the next ten years, the Bush budget provides **\$52.8 billion less** for these programs than the Congressional Budget Office estimates is necessary to maintain services at the FY 2001 level.

The Bush Administration claims that this decrease is justifiable because there is no need to repeat funding for 2001 emergencies in future years. However, even after backing out emergency funding, the levels in the Bush budget still translate into large cuts in purchasing power for natural resources and environmental programs. Specifically, as the table above shows, under the Bush budget, even after backing out emergency funding, the Bush budget provides **\$32.0 billion less** for these programs than the Congressional Budget Office estimates is necessary to maintain services at the FY 2001 level. Hence, under the Bush budget, even after backing out emergency funding, the average annual cut

in purchasing power for natural resources and environmental programs **is 10%**.

Failing to Fund Last Year's Bipartisan Six-Year Conservation Agreement

As part of its failure to adequately fund natural resources and environmental programs over the next several years, the Bush Administration fails to fully fund the bipartisan six-year conservation agreement reached last year and included in the FY 2001 Interior Appropriations bill (PL 106-291).

Last year's landmark conservation agreement culminated more than two years of work by Members of Congress, state and local officials, and interested citizens to secure new resources for conservation programs that had been underfunded for years.

Under last year's agreement, Congress agreed to provide \$12 billion in dedicated funding over six years for conservation, preservation, and recreation programs. This funding was set aside in a new "conservation" budget category that started at \$1.6 billion in FY 2001 and is scheduled to increase by \$160 million each year until it reaches \$2.4 billion in FY 2006.

The Bush budget has backtracked on last year's agreement and has rewritten the funding schedule for the conservation category – effectively skimming \$2.7 billion from it over five years to pay for the President's oversized tax cut.

Bush Budget Also Calls for Drilling in the Arctic National Wildlife Refuge

Finally, the President's budget assumes the opening of the Arctic National Wildlife Refuge (ANWR) for oil drilling, a move that would threaten an irreplaceable natural treasure while adding a limited amount to the nation's oil supply – a move strongly opposed by a broad coalition of national environmental organizations. Although the opening of ANWR to oil drilling is assumed in the President's budget, the Administration cannot implement this proposal without new legislation from Congress.